

THE CANADIAN PACIFIC RAILWAY COMPANY

AND ITS EXTRAORDINARY

TELEGRAPHIC & TELEPHONIC PRIVILEGES.

A LETTER TO THE HON. SIR CHARLES TUPPER, K.C.M.G., FROM THE
REPRESENTATIVES OF TELEGRAPH COMPANIES IN CANADA.

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THE EXTRAORDINARY
TELEGRAPHIC AND TELEPHONIC PRIVILEGES
OF THE
CANADIAN PACIFIC RAILWAY CO.

MONTREAL, *March* 18, 1884.

THE HONORABLE SIR CHARLES TUPPER, K.C.M.G.,
Minister of Railways and Canals, Ottawa, Canada.

DEAR SIR:—The powers which the Canadian Pacific Railway Company possess, in regard to Telegraphs, are believed to be greater than those possessed by any other corporation on this Continent. The powers conceded by Parliament to the various companies especially devoted to the telegraph business are not nearly as ample in their scope as those granted to the Canadian Pacific Railway Company; and no other railway company, incorporated by Parliament, possesses anything like the privileges, in

relation to telegraph matters, which the Canadian Pacific Company have had conferred upon them. No restrictions as to rates, no limitations as to powers of amalgamation, leasing, or purchasing other lines, are contained in the act enabling this company to do a public telegraph business. They are empowered to do business all over the Dominion, irrespective of the location of their railway line. Side by side with the right conveyed to them—

“To lay out, construct, acquire, equip, maintain, and work a continuous line of railway,”—in the very next clause, they are empowered—

“To construct, maintain, and work a continuous telegraph and telephone line throughout the whole line of the Canadian Pacific railway, or any part thereof, and may *also construct or acquire by purchase, lease, or otherwise, any other line or lines of telegraph, * * ** and may undertake the transmission of messages for the public by any such line or lines of telegraph or telephone, and collect tolls for so doing, or may lease such line or lines of telegraph or telephone, or any portion thereof.”

Your attention is drawn to the fact that, inasmuch as no other railroad company possesses these powers, and, as no telegraph company has them in a manner so unrestricted, their possession imparts an element of danger. These concessions are sufficiently ample to enable the Canadian Pacific railway Company to do a telegraph business in any part of the Dominion of Canada, to compete with all the existing telegraph companies, and, in virtue of the enormous sums which they have derived from governmental subsidy, to effectually destroy the earning power of the existing telegraphic corporations. The possibility of this condition ensuing may well fill with

alarm the large class of persons, shareholders and others, directly interested in telegraph property. But, aside from the thousands interested in such property in the Dominion, the public have a vital interest in the possibility that the Canadian Pacific Railroad Company will have the power to monopolize the entire telegraphic service, not only of the Northwestern Provinces and Territories, but of the entire Dominion. For, should they be successful in competing with the existing telegraph companies, it would so far cripple the latter, as to make it possible that amalgamation or consolidation would be necessary to preserve the property from ruin.

Under the act as it now stands, the Canadian Pacific Railway Company can become possessed by lease, purchase, or otherwise, of all the telegraphic property of the country; and, inasmuch as no restriction of rates is provided for in their charter, they could exact whatever tolls they chose. They would then practically possess, especially so far as the Northwestern Territories are concerned, the entire means of communication; they would not only carry the mails, transport freight and passengers, but they would have the only other independent means of communication entirely in their hands.

It was, of course, contemplated originally, when these powers were granted, that the operations of the Canadian Pacific Railway should be mainly confined to the country west of Lake Nipissing. It was probably presumed that telegraphic facilities could not be afforded except by the railroad companies in these new regions for many years, and hence there seemed to be some justification for granting to the railway company extraordinary powers. But since the passage of this act, a policy of railway and telegraphic extension has been developed, which threatens to

permeate almost the entire Dominion, and the owners of telegraph property in the country view with alarm and apprehension the possession of powers by a railway company, which they themselves have been denied, and which, if exercised to the fullest extent, would virtually confiscate the property of thousands of innocent shareholders. This power of confiscation is augmented by the fact that large governmental aid is afforded to the railway company, the expenditure of which in regard to telegraph or telephone lines may be unrestricted, unchecked, and unknown, so far as governmental control is concerned. Not only is there no check upon the building of competitive telegraph property with government moneys, but competitive business can be carried on for years, and, with such aid as the government are about to afford, no one can tell what deficiencies in this particular branch of the business may be covered up by combining together the earnings of the railway and the telegraph. Thus, no matter how other telegraph corporations might have to cut and carve to make ends meet, the Canadian Pacific Railway Company, having, on the one hand, enormous revenues from freight and passenger traffic, and, on the other, vast subsidies in land and money, could very effectually destroy for a series of years all profit for legitimate telegraphic enterprise, and recoup themselves in another series of years by absorbing the property of other companies at a largely depreciated value, and by exacting such rates as they chose under the plenary powers granted them by Parliament.

Inasmuch as a practical revision is now taking place of the terms upon which the Canadian Pacific Railway Company have undertaken their great enterprise, and as the circumstances surrounding the whole matter have considerably changed, it would seem proper that some attention should

be given to the aspect of the question, so far as it affects telegraphic property and telegraphic communication.

The consolidation of telegraphic interests, which Government and Parliament approved by so large a majority within a short time, was a virtual compact, by which telegraphic property in the country should be protected so long as the public were effectually served, the property fully maintained, and the service performed at the low rates fixed by Parliament. So far as the telegraphic companies are concerned, it is submitted that they have fulfilled their part of the contract. Never before in the history of the country has telegraph property been in a higher state of perfection. It is impossible to do better service than has been done, in view of the distances, the sparsely settled country, and the generally arduous nature of much of the service. Promptitude, accuracy, and amplitude of facilities have been afforded; owners of telegraph property have been fairly remunerated; and the sense of protection and safety which has been imparted to the thousand shareholders, the majority of whom are estates, widows, and orphans, has been very comforting; while the rates afforded to the public, and especially to the press, are such as exist nowhere else in the world, all things considered.*

This favorable condition of things is constantly threatened by the existence on the statute books of the provi-

* As to the facilities afforded, no better illustration is needed than that furnished on the occasion of your own great speech during the present session, on the policy of the Government in regard to the loan to the Canadian Pacific Railway, when during the night no less than nineteen columns of solid matter was transmitted over the wires to the Toronto papers. The Montreal papers received nearly an equal quantity of matter, to say nothing of other lengthy reports transmitted throughout the length and breadth of the country, and half-way across the continent. On the delivery of the speech on the Budget last session, the *Toronto Mail* one morning contained *twenty five columns of telegraphic matter*, and well remarked that "modern civilization probably does not habitually exhibit itself in any more striking way than on such an occasion."

sions which are found in the charter of the Canadian Pacific Railway, and, now that opportunity is afforded, this cause of apprehension should be removed, by restricting that company to the same telegraphic powers possessed by other railroad companies.

So far as the Northwestern Provinces are concerned, ample provision has been, and will be made by the existing companies, for the transmission of public business. Should there be any failure in this respect, with the aid which the government has already afforded, in the lines they themselves possess throughout that country, no necessity exists for the broad interpretation of their powers now claimed by the Canadian Pacific Railway Company. That these are dangerously large, no one will deny. Already the Canadian Pacific Railroad Company is competing with companies which preceded them in the task of furnishing communication to the struggling communities of the Northwest, and it will be impossible to maintain independent telegraphic communication throughout the Northwestern Provinces, aside from that furnished by the Canadian Pacific Railway Company, unless these powers are, and this business is placed upon the same footing as all other commercial enterprises.

If, on the one hand, powers are delegated by Government to a private railway corporation, already spreading itself like an "army of occupation" over the country, and, at the same time, it is supplied with millions of public money, and permitted to compete in specific lines of activity, there can be but one result: to increase the power of the railway company, entirely extinguish the possibility of competition, and create a practical monopoly of all the means of communication in the hands of a few gentlemen; who, however estimable they may be, will,

nevertheless, be unable to resist the opportunities afforded by the enormous despotism virtually conferred upon them.

We venture to address you in this manner, Sir Charles, because of your liberal appreciation of the telegraph situation, as shown in the stand which you took three years ago, when the question of telegraph communication was before Parliament, which attitude, on your part, obtained the gratitude of the entire telegraphic interests of the country. We are further encouraged to bring this matter to your notice, because we have reason to believe that, immediately after the passage of the original charter, when your attention was drawn to the extraordinary scope of the privileges contained in it, you spoke of them as having been inadvertently conveyed, and expressed a disposition to avail yourself of a future opportunity, through negotiation or otherwise, to procure a revision of them. In a letter which you were good enough to write to a member of Parliament and a supporter of your government, dated in May, 1881, you gave expression to this view, and said you would avail yourself of an early opportunity to induce the syndicate to consent to an alteration that would be satisfactory to the owners of other telegraph property. It is probable that, during the pressure on your time that existed at the moment of the passage of the charter, the full import of the telegraphic powers granted were not quite apprehended. But now that their full meaning is apprehended, and the circumstances surrounding the whole question are so materially changed, an opportunity should not be suffered to pass when your expressed wish can be fulfilled.

JOHN CRAWFORD,

On behalf of the Montreal Telegraph Company.

ERASTUS WIMAN,

President Great North Western Telegraph Co. of Canada.

Montreal, March 14 1884.

THE HONORABLE SIR CHARLES TUPPER, K.C.M.G.,

Minister of Railways and Canals, Ottawa, Ontario.

DEAR SIR CHARLES: We desire particularly to thank you for the extremely gracious manner in which you received a delegation from the telegraph companies. When the views above expressed were conveyed to you, you were good enough to confirm the impression which had previously been given—that the powers granted to the Canadian Pacific Railway Company, in relation to telegraph matters, were inadvertently conveyed to that company; and, though you doubted whether these powers were as ample in their scope as we had feared in our previous communication, you nevertheless said that you would endeavor to take such steps as would cause the telegraphic operations of the railway Company to be limited to the lines and stations of its road. This decisive view of yours was all that we could ask, because we recognized the fact that the Railway Company, especially in the Northwest, can afford great facilities for telegraphic communication at their stations, while working their lines for the conduct of their own business.

It is evident, however, from recent utterances on behalf of the Railway Company, that they are not inclined to accept your interpretation of the extent of their powers, and that they resent any limitation confining the transaction of public telegraph business to their lines and stations.

One good effect of the recent discussion of the matter has been the development on the part of the railway company of an intention, hitherto not revealed, viz.: to go into telegraph business generally, and, in addition to being a great Railway Company, supported by public bounty, to also become a great Telegraph Company, doing business throughout the Dominion, irrespective of the location of their lines of railway, and regardless of the consequences.

The determined announcement of such an intention is the justification for again addressing you, in order that the occasion may not be allowed to pass without some definite steps being taken to carry out your expressed desires, of having a clear and distinct understanding between yourself and the Railway Company, and in order that telegraph interests shall have some protection at the hands of Government or Parliament. If the Canadian Pacific Railway Telegraph is permitted to compete at every point throughout the Dominion, even widely removed from their railway lines, while they are the recipients of such large public benefactions, but one result can be reached, viz: the eventual destruction of vested interests already existing in telegraph property in the Dominion. The possibility of such a result will, we are sure, be sufficient to quicken the action of yourself and others in this matter, but, aside from this effect, the consequences to the public generally are likely to be so grave that, at the risk of taxing your kindness, we beg to urge upon you some further considerations.

Those who have watched closely the progress of telegraphs in the last fifty years have rarely, if ever, seen two telegraph companies competing for the same business succeed in maintaining themselves, even in densely populated places, in localities where the business transacted is enor-

mons. Eventual loss and certain embarrassment follow either to one company or to the other. It *must* be so in the nature of things. There are comparatively few towns where there is business enough to sustain two telegraph companies, any more than business enough to sustain two post offices. If this has been the experience all over the world, how much more so is it the case in Canada, where population, except in a few centres, between long stretches, is sparse, and where business needing telegraph service is limited? It is doubtful if twenty towns could be named in the whole of Ontario or Quebec, where one operator in each could not handle all telegraph business offering, especially during the winter season. For instance, in how many towns within a radius of one hundred miles of Ottawa would there be business sufficient to sustain two telegraph establishments, in a manner sufficiently effective to do the business satisfactorily? But if, in addition to the small volume of telegraph business to be transacted, Parliament insists upon a uniform and low rate at which it must be done, how utterly impossible it is that competition can exist and thrive. If this uniform and fixed rate is the one decided upon after years of experience by the British Government, as the rate at which even the telegraph postal service of that kingdom can be rendered, is it likely that there is sufficient profit from the charges made to permit a division of the business between two companies, and yet yield any return to the parties transacting it, or pay interest on the capital invested in the property used for the purpose? It should be borne in mind, too, that this rate enforced by the British Government is confined to short distances, in densely populated districts, with a rigid monopoly of the vast business transacted, without a dollar of interest being paid upon the enormous accumulations of capital represented in the

property used, and yet resulting for years in large deficiencies. If this is the condition of things in Great Britain, how is it possible that in Canada two great telegraph companies can thrive on a business extending over distances averaging three times greater than those in England, with salaries, material, and labor much higher, and a traffic of insignificant volume?

Supposing the British Post Office Department to be a separate organization, dependent for its existence on general business. What would be thought of the British Government if, after making a contract with it for the transaction of all public telegraph business, at a rate which barely paid expenses, they had permitted the London & North Western Railway Company to erect telegraph lines, not only along its own roads, but all over the country, and subsidized it to the extent of millions, with a view of enabling it to compete with the Post Office, seriously embarrassing the latter and rendering it unable to pay its expenses? Yet such is the attitude which telegraph matters in Canada are rapidly assuming. Aside from the common fate which has overtaken competitive telegraphy, even without restriction in rates, it is impossible to conceive of any other fate in store for the weaker of the two telegraph companies than that of annihilation, except it be absorption. Of course in this struggle, the Canadian Pacific Telegraph will be the stronger of the two, and, backed as it is by Government subsidies, and in receipt of enormous revenues from freight and passengers, it can practically afford for some time to do the business for next to nothing. Having no interest to pay, as other companies have, to the owners of telegraph property, having the advantage of merging the telegraph expenses with those of the railway, and being relieved from all taxation, local

and otherwise, it is a foregone conclusion that companies *without* these advantages must succumb. With this prospect in view, the Canadian Pacific Telegraph will be in sole and supreme control of the telegraphic business of the Dominion. It is unnecessary that reference be made to the consequences—political, commercial, and social—that would follow such a control. That such a possibility—nay, a probability—should exist, will in some minds be regarded as the motive which causes these powers to be so tenaciously adhered to; rather than for a compensating profit in a small business which, when divided, can possibly yield so slight a return to so great a company.

If it had been the deliberate intention of Parliament to place this second means of communication solely in the hands of a railway company, and that largely subsidized by Government, no more efficient action could have been devised to accomplish that result. If it had been the intention of Parliament, first, to encourage, by legislation and other methods, the investment by thousands of innocent shareholders of their means in telegraph property, and by recent favorable action permitted consolidation for the sake of self-protection, and then it had conceived the idea of destroying all these varied interests, no more effective method could have been taken than that now being permitted to grow up. Under such circumstances, with apprehensions so serious, we trust you will forgive us for pressing upon you the necessity for some definite and immediate action, either by Government or by Parliament, that we may not be left entirely at the mercy of events, which will be shaped and moulded to suit the purposes of individuals, whose intentions are certainly very inimical to the interests we represent, and eventually to the public generally.

We venture again to urge all this upon you, because of the vast importance of these interests, and to beg that you will still adhere to your original purpose, to protect from practical confiscation the investment of the thousand shareholders in telegraph property, now so dependent upon your action. The fact that among this number there is a larger proportion than in any other share list in the country, of trust estates, widows, and orphans, must be an excuse for our importunity. The cry of these widows and orphans will not be in vain, even if it has to penetrate beyond the seas; but that it will have a response nearer home we have an assurance from you which we cannot doubt. Having done so much to create the power which thus threatens this property, we must rely upon you for its control, and to see to it that these threats are not carried out, as, judging from the tone of recent utterances on behalf of the Railway Company, they seem likely to be.

JOHN CRAWFORD,

On behalf of the Montreal Telegraph Company.

ERASTUS WIMAN,

President Great North Western Telegraph Co. of Canada.